

THE IMPERIAL *Flo-glaze* PAINTS LTD.

Industrial Finishes

Flo-glaze Colorizer

2-20 Morse St.
TORONTO 8, CANADA

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November 15th, 1961.

TO THE SHAREHOLDERS:

Your Directors have pleasure in presenting for your consideration the annual report of our Company, including the balance sheet, earnings statement and earned surplus for the year ended August 31st, 1961 together with the report of the Company's auditors, Gunn, Roberts and Co.

We are able to report the highest sales in the history of the Company. Profits after taxes were \$146,736 compared with \$115,879 in 1960. This is equivalent to earnings per share of \$2.25, an increase per share of 47c. over last year.

We maintained regular quarterly dividends of 37½c. per share and again declared the 10c. bonus payable December 1st, 1961.

The percentage of sales gain at the Montreal branch has been rewarding and we are looking forward to increased income from this area as we continue to develop its potential. We have completely reorganized our office and service functions at a cost of approximately \$18,000 which was absorbed in this year's business and we expect because of this change that our expenses in this area will be considerably reduced in the next fiscal year.

Increased sales in the months of July and August account for the considerable increase in receivables and accounts payable.

The first two months of the present fiscal year show an increase in sales of approximately 9.35% and we are looking forward to the continuation of this trend.

Our subsidiary companies in the west show a loss for this year because of slightly lower sales in that area and also because of a loss sustained by a bankruptcy of one of their large accounts.

Earlier this year we reported with regret the resignation of G. C. McEwen, the longtime president and chairman of our board who had rendered outstanding service to this Company over a period of 53 years.

It is also with deep regret that we had to report the death on April 6th of S. E. Clark, who had been a director and secretary-treasurer since 1938 and a vice-president since February 10th, 1961.

On behalf of the directors I would like to express their appreciation of the loyal support of all employees of the Company and thank them for their efforts.

A. J. BODIE,
President and General Manager

THE IMPERIAL *Flo-glaze* PAINTS LTD.

(Incorporated under the Laws of the Province of Ontario)

BALANCE SHEET AUGUST 31, 1961

ASSETS		1961	1960
CURRENT ASSETS			
Cash		\$ 730	\$ 557
Accounts receivable—sales of our products which have not been paid for, less amount set aside to take care of any questionable accounts		1,124,928	1,022,488
Due from subsidiary companies on account of merchandise purchased and cash advances		34,342	9,468
Raw materials, partly manufactured goods, finished products and supplies on hand, valued at cost or market, whichever is the lower		1,478,573	1,345,402
Investments in another company at less than the present market value		6,345	6,345
Life insurance on two (three in 1960) directors with the company as beneficiary, at present cash surrender value		23,425	51,216
Prepaid expenses, civic taxes and insurance premiums		18,038	33,577
<i>Total Current Assets</i>		<u>\$2,686,381</u>	<u>\$2,469,053</u>
INVESTMENT in shares of subsidiary companies at cost		\$ 96,587	\$ 96,587
FIXED ASSETS			
Buildings, machinery and equipment—at depreciated value as at June 30, 1951 as certified to by Canadian Appraisal Co. Ltd. (\$1,351,743) plus subsequent additions at cost		\$2,226,314	\$2,163,515
Less: Accumulated amount set aside on our books each year for depreciation of above fixed assets		1,669,934	1,588,599
		\$ 556,380	\$ 574,916
Land owned—valued at cost		119,529	119,529
<i>Total Fixed Assets</i>		<u>\$ 675,909</u>	<u>\$ 694,445</u>
OTHER ASSETS			
Trade marks and rights		\$ 1	\$ 1
		<u>\$3,458,878</u>	<u>\$3,260,086</u>
LIABILITIES		1961	1960
CURRENT LIABILITIES			
Bank advances		\$ 505,628	\$ 501,985
Accounts payable—for raw materials bought and due for payment in September and other liabilities accrued to date		437,668	354,755
Income and other taxes		81,715	11,969
Quarterly dividend payable to shareholders, September 1		24,432	24,432
<i>Total Current Liabilities</i>		<u>\$1,049,443</u>	<u>\$ 893,141</u>
CAPITAL AND SURPLUS			
<i>Capital stock</i>			
Preference shares (no par value) \$1.50 cumulative, participating, convertible, redeemable at \$30.			
Authorized—9,278 shares			
Issued—Nil			
Common shares (no par value)			
Authorized—69,544 shares			
Issued—65,154 shares		\$ 355,950	\$ 355,950
Retained earnings—accumulated balance of earnings left in business to provide additional working capital		2,053,485	2,010,995
		<u>\$2,409,435</u>	<u>\$2,366,945</u>
		<u>\$3,458,878</u>	<u>\$3,260,086</u>

Approved on behalf of the Board:

A. J. BODIE, *Director*.

F. S. GRUNDY, *Director*.

Consolidated financial statements are not presented as the assets and operations of the subsidiary companies (not wholly owned) are not considered to be material in relation to those of The Imperial Flo-glaze Paints Limited. The company's proportion of the aggregate losses of the subsidiaries for their fiscal years ended August 31, 1961 and not taken into the company's accounts amounted to \$10,640 and the company's proportion of the accumulated losses of the subsidiaries sustained since acquisition of the shares and not taken into the company's accounts amounted to \$8,199.

THE IMPERIAL *Flo-glaze* PAINTS LTD.

STATEMENT OF EARNINGS

	<i>Years ended August 31</i>	
	<i>1961</i>	<i>1960</i>
Earnings after providing for all selling and administrative expenses, but before providing for the following items.....	\$ 361,352	\$ 277,799
Income from investments.....	720	787
Profit on investments.....		2,576
	<u>\$ 362,072</u>	<u>\$ 281,162</u>
<i>Deduct:</i>		
Provision for depreciation.....	\$ 81,336	\$ 69,283
Provision for income taxes.....	133,500	95,500
Directors' fees.....	500	500
	<u>\$ 215,336</u>	<u>\$ 165,283</u>
Net earnings transferred to Retained Earnings.....	<u>\$ 146,736</u>	<u>\$ 115,879</u>

STATEMENT OF RETAINED EARNINGS

Balance at beginning of year.....	\$2,010,995	\$1,999,362
Net earnings for year.....	146,736	115,879
	<u>\$2,157,731</u>	<u>\$2,115,241</u>
<i>Deduct:</i>		
Dividends \$1.60 per share.....	104,246	104,246
Balance at end of year.....	<u>\$2,053,485</u>	<u>\$2,010,995</u>

AUDITORS' REPORT

To the Shareholders of

The Imperial Flo-glaze Paints Limited:

We have examined the balance sheet of The Imperial Flo-glaze Paints Limited as at August 31, 1961 and the statements of earnings and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of the company as at August 31, 1961 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada, November 7, 1961.

"GUNN, ROBERTS AND CO,"
Chartered Accountants

THE IMPERIAL *No-glass* PAINTS LTD.

ANNUAL REPORT

for the

Year Ended August 31st, 1961

DIRECTORS

A. J. BODIE.....*President and General Manager*

F. S. GRUNDY.....*Executive Vice-President*

H. FRY.....*Director*

J. R. MILLER.....*Secretary-Treasurer*

STOCK TRANSFER AGENTS

NATIONAL TRUST COMPANY LIMITED

BANKERS

THE TORONTO-DOMINION BANK

Toronto